

Membership - PERS

Introduction

The Public Employees' Retirement System (PERS) is a public pension system that provides retirement, disability, and death benefits for public employees. The PERS covers most state and university system employees not specifically covered by another system. State and university system employers are required to take part in the system. Local governments may contract with the Board to cover their employees under the PERS.

Besides general information, this chapter provides a summary of the law contained in Title 19, Chapters 2 and 3, MCA. Our staff conducted careful research to ensure this chapter accurately reflects the law that governs the PERS. If this handbook differs from the law or rules as interpreted by staff, the law or rules will apply.

Mandatory Membership

Membership is required for most employees scheduled to work more than 960 hours during the fiscal year. The 960 hours is cumulative of all PERS-covered employment which a person might have. A person who accepts a PERS-covered job must become a member on the first day of work. Membership is optional in some cases such as part-time employees and elected officials.

The employee, not the employer, must decide if they want to select membership, if membership is optional.

Each employee in a covered position must complete a membership card upon initial employment. **If membership is optional**, employees may choose membership by completing the card and having their employers send it to the MPERA. The employee, not the employer, must decide if they want to select membership, if membership is optional. Once membership is elected, the employee is subject to the same laws, rules, and regulations as any other member. A member **may not stop membership without ending employment**. The employer must send the card to the MPERA with the first monthly payroll report that lists the new member. **All newly hired employees must submit a new membership card even if they are already PERS members.**

Note: Retirees do not need to fill out a membership card unless they are requesting to change from retired to active status.

The MPERA will **not pay a benefit or refund** to a member unless the MPERA has a membership card on file. Members are responsible for keeping the information on file with the MPERA current. Members may update information by completing a new card and sending it to the MPERA. Marriage, birth of a child, divorce, and death of a beneficiary are reasons for submitting an updated membership card.

Optional Membership

Membership is not required for new employees in certain categories. . . . These employees must complete the Optional Membership Election form . . .

A PERS retiree may work in a PERS-covered position without becoming an “active” PERS member. Employers must report all working retirees to the MPERA each month, but must use a separate form to report each retiree. Retirees must also report employment in PERS-covered positions; however, their signature on the employer’s report will suffice as the employee’s report. A working retiree may become an active member if the retiree wishes. **If a working retiree becomes an active member**, retirement benefits will stop, a membership card must be completed, and retirement contributions withheld. Working retirees must notify MPERA **in writing** that they have elected full time employment and want to terminate their benefit payment. See Section 7, Working Retirees, for more information about re-employment of retirees.

Membership is not required for new employees in certain categories listed below. These employees must complete the *Optional Membership Election* form within 180 days of initial PERS-covered employment. A sample of this form and instructions for completing it are at the end of this section. If these employees elect membership they must complete a membership card. Information for completing the Membership Card is in the next section. The employer must send the card with the first payroll report which lists the member. For the following categories of employees, membership is optional:

- Elected officials of a state or local government paid on a salary or wage basis.
- Direct appointees of the Governor.
- New employees of county hospitals or rest homes.
- Persons employed for six months or less by the Montana Legislature or the Legislative Council to do work related to the legislative session.
- The chief administrative officer of any city or county.
- Employees scheduled to work less than 960 hours during the fiscal year. **The employee must become a member on the day the employee exceeds 960 hours.**

Membership continues until the member terminates employment and the MPERA refunds the member’s PERS account. Membership does not end because the member works less than 960 hours, is reelected, or accepts a job with optional coverage. For example, members who end covered employment become inactive members if they do not withdraw their contributions. They may be inactive, but they are still members and may not end membership by accepting employment with optional coverage.

For elected state and local officials, membership is optional if they receive a salary rather than per diem or other reimbursement. Any time during their term of office, they may elect to become members. Once they elect membership, they must remain members for the duration of their term. If reelected, they must remain members.

<p>Exclusion from Membership</p>	<p>The following groups of people may not become PERS members:</p> <ul style="list-style-type: none"> • Inmates of state institutions. • Persons in state institutions mainly for training but who receive compensation. • Independent contractors.
<p><i>Generally, employees may not join PERS if another publicly funded retirement plan is granting credit for employment in that job.</i></p>	<ul style="list-style-type: none"> • Generally, employees may not join PERS if another publicly funded retirement plan is granting credit for employment in that job. The intent is to prevent a person from receiving credit for the same service in more than one retirement system. (An exception is if a collectively-bargained pension plan qualified by the IRS also provides coverage.) <p>If a person has two jobs, retirement coverage for the first job does not exclude coverage for the second job. For example, a person may be a firefighter and work part-time for a county. This person may receive coverage from FURS, as a firefighter, and from PERS, as a county employee. This exclusion prohibits this person from receiving both FURS and PERS coverage for the firefighter job or for the county job. PERS covers some firefighters rather than FURS. If so, in this example, the person may receive PERS coverage for both jobs.</p> <p>Each job must be treated separately. If two publicly funded retirement systems cover the job, the employee may be a member of one system, not both. The exclusion does not limit the number of jobs in which an employee may receive retirement credit. It prohibits an employee from receiving credit in more than one publicly funded retirement system for a single job.</p>
<p><i>If two public funded retirement systems cover the job, the employee may be a member of one system, not both.</i></p>	<ul style="list-style-type: none"> • People who serve the state or a PERS employer intermittently and receive per diem rather than pay. For example, the following officials may not be members: court commissioners, elected officials, or members appointed to a board or commission if they serve intermittently and receive only per diem. • Full-time students employed at and attending any of the following: a public elementary or high school, a vocational technical center, a community college, or any unit of the state university system. (A student who later becomes a PERS member may purchase this time.)

<p>Seasonal Employees</p>	<p>The same rules apply to seasonal workers as any other full-time or part-time employee. Membership is optional for employees working 120 days (960 hours) or less during the season and mandatory if more. An employee who is already a member must pay contributions despite the hours expected at the start of the season. A seasonal employee who becomes a member must remain a member until employment is terminated. Employment and membership do not automatically end when the season ends. A seasonal employee who does not intend to work the following season may terminate employment. Upon termination the employee must receive a payout of benefits, such as sick and annual leave. Otherwise, the MPERA assumes the employee did not terminate. After terminating, the member may withdraw from the PERS by requesting a refund.</p>
<p><i>Membership is optional for employees working 120 days (960 hours) or less during the season and mandatory if more.</i></p>	
<p>Completing the Optional Membership Election Form</p>	<p>A sample of the <i>Optional Membership Election</i> form is on the following page. This election must be completed within 180 days of the initial PERS covered employment when membership for the position is optional as explained on page II-9-1-2. Instructions for completing this form follow:</p> <p><u>Employee</u></p> <ol style="list-style-type: none"> 1. Check the option(s) which apply for the PERS position 2. Print employee's name 3. Place an "X" in the box to decline or elect PERS membership 4. Signature of Employee and date 5. Social Security Number of Employee 6. Telephone Number of Employee <p><u>Employer</u></p> <ol style="list-style-type: none"> 1. Signature of Employer Representative and Date 2. Agency Number 3. Telephone Number of Agency Representative <p>The employer must return the white original form to the Montana Public Employee Retirement Administration. The employer retains the yellow copy.</p> <p>Note: If an employee is currently an active, inactive or retired member of the PERS (anyone with funds on deposit with the PERS) they are not allowed an election. Only non-members may receive an election.</p>

**MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
OPTIONAL MEMBERSHIP ELECTION**

This election must be completed within 180 days of initial PERS covered employment.

If you are receiving a retirement benefit, other restrictions apply to your return to work. Contact the Montana Public Employee Retirement Administration at 1-877-275-7372 (toll free). Should any information in this form conflict with statute or rules, the statute or rules will apply.

Membership is optional for new employees in the following categories. Check all that apply:

- ☐ Elected official of state or local government paid on a salary or wage basis.
- ☐ * Non-member scheduled to work less than 960 hours per fiscal year, cumulative of all employers.
- ☐ Employee directly appointed by the Governor.
- ☐ Employee of the legislative branch, working 6 months or less, performing work related to the legislative session.
- ☐ Chief administrative officer of a city or county.
- ☐ New employee of a county hospital or rest home.

If you are currently an active, inactive or retired member of the PERS -- anyone with funds on deposit with the PERS -- you are not allowed an election. Only non-members may receive an election.

I, (print name) _____, understand that I may choose optional membership in the PERS due to my employment with _____. I am not an active, inactive or retired member of the PERS. **The following restrictions apply:**

- If you decline membership, you may not become a member while still employed in this position or you exceed 960 hours in a fiscal year.
- * If you work more than 960 hours in a fiscal year, membership is mandatory. You must begin making retirement contributions immediately.
- If you decline membership and are terminated but are employed in another optional position within 30 days; you may not become a member in the second optional position. If you decline membership and are terminated but are employed in another optional position 30 days or more after your termination, you are allowed a new election. If you decline membership, you will not receive membership service credit or service credit for employment for which membership was declined.
- If you subsequently accept employment in a position for which retirement is mandatory, you must become a member regardless of your previous election.

☐

I decline membership in PERS

☐

I elect to be a member of PERS
(Complete a membership card)

Signature of Employee

Date

Social Security Number

Date of Birth

Signature of Employer Representative

Date

Agency Number

Telephone Number

Return to: **Montana Public Employee Retirement Administration
PO Box 200131
Helena MT 59620-0131**

Employer retains yellow copy - MPERA receives white original form

Membership Cards - PERS

New Employees

Each employee must complete a membership card on the first day of employment. If retirement coverage is optional, the employee may complete a card if the employee wants to be a member. The employee must complete both sides of the card. The employee must sign the card and a disinterested third-party must witness the signature. The employer must send the card to the MPERA with the first payroll report which lists the employee as a new member. Please do not send a membership card prior to the first payroll report which lists the member. Instructions for completing the membership card are at the end of this section.

Note: Retirees do not need to fill out a membership card unless they are requesting to change from retired to active status. See Section 7 for information on Working Retirees.

When to Update The Information

Members should update the information on their membership card every few years or when any of the information changes. Each year the MPERA sends a statement of account to all members, which also includes the beneficiary information on file with the MPERA. If the beneficiary information is out of date or wrong, the member should submit a new card. Members should complete a new card for any of the following reasons:

1. Marriage
2. Birth of children
3. Divorce
4. Death of a beneficiary
5. Name changes for any other reason

The MPERA will contact the current beneficiary on file at the death of a member. This information is extremely important and each member must keep it current and correct.

Refunds and other benefits cannot be processed unless a membership card is on file with the MPERA.

Beneficiaries

A member may designate any beneficiary the member chooses on the back of the membership card. The member may change beneficiaries anytime by completing a new card and sending the card to the MPERA. Terms such as beneficiary, contingent annuitant, and survivor mean very specific things within the PERS and are defined below.

Beneficiaries may be natural persons, trusts for the benefit of natural living persons and charitable organizations. A member may designate any of these beneficiaries on the membership card. A member may designate beneficiaries as either primary or contingent. Primary beneficiaries will receive benefits before any other beneficiaries. Contingent beneficiaries will only receive benefits if the primary beneficiaries are not living.

System Requirements

A beneficiary eligible for the death payment may choose instead to receive a monthly annuity.

Contingent annuitants are persons a retired member designates to receive a continuing benefit under options two, three, or four after the retired member dies.

When a member dies in active service, the beneficiaries will receive a death payment. The death payment will include the following:

1. One-twelfth of the last year's compensation times the member's years of service or six, whichever is less.
2. The accumulated contributions from the member's account.
3. The regular interest, if any, earned by the above amounts.

A beneficiary eligible for the death payment may choose instead to receive a monthly annuity.

Note: A retired member receiving a monthly benefit must contact the MPERA to change a beneficiary. Only active and inactive members may change their beneficiary on the membership card.

Survivors are beneficiaries who elect a monthly survivorship benefit rather than the death payment. The survivorship benefit is only available to the beneficiary of a vested member. To be vested, a member must have at least five years of membership service.

Contingent annuitants are persons a retired member designates to receive a continuing benefit under options two, three, or four after the retired member dies. The member cannot designate contingent annuitants before retirement, but must designate them when selecting the optional retirement. The member initially receives the benefit for life then the contingent annuitant receives a continuing benefit after the member's death. The important distinction is the contingent annuitant is not designated until the member selects a retirement option.

Each year the MPERA sends an annual statement to each member. The statement will list the beneficiary on file with our office. If a member determines the beneficiary data on file with the MPERA is not correct, they should submit a new card.

Completing the Membership Card

The member must provide the name, address, the complete date of birth, sex, and relationship for each beneficiary listed.

All newly hired employees should fill out a membership card even if they are already members of the PERS. **Retirees do not need to fill out a membership card unless they are requesting to change from retired to active status.** The employee should print or type all entries. See Figure 6 for a sample membership card.

1. **Name**, the employee's last name, first name, initial, and other former names (a family name or previous married name). The employee should include any other last name that may be on file with the MPERA.
2. **Current personal mailing address.**
3. **Social Security Number.**
4. **Agency**, is the agency that is presently hiring the employee or currently employs the member.
5. **Date of Birth.**
6. **Sex**, F for female and M for male.
7. **Check** whether membership is required or optional.
8. **If membership is optional**, check the line which best describes the employee's situation.
9. **Check the appropriate reason** for submitting the card.
10. **Nomination of Beneficiary**, each member must nominate at least one beneficiary. The member must provide the name, social security number, the complete date of birth, sex, and relationship for each beneficiary listed. Ensure the member circled "P" (Primary) or "C" (Contingent) for every beneficiary. Contingent means those beneficiaries will receive benefits only if the primary beneficiaries are deceased. If a member lists more than one primary beneficiary, they will be on a **share and share alike** basis. The member may specify a different distribution under "Other."
11. **Witness**, someone must witness the member's signature other than the beneficiary.
12. **Signature**, the member must sign and date the card.

When submitting membership cards with your payroll, please verify the above items on each card. The MPERA must return all incomplete and incorrect membership cards. If you have any questions about completion of the membership card, please contact the MPERA **before** submitting the card.

System Requirements

Revised 08/02 (DO NOT USE EARLIER EDITIONS) State of Montana Montana Public Employee Retirement Administration P.O. Box 200131 Helena, Montana 59620-0131 Telephone: 1-877-275-7372 outside the Helena area, or 444-3154 in the Helena area MEMBERSHIP CARD - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)																																																																	
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<p>Membership is required if you are currently an <u>active</u> or <u>inactive</u> member of the PERS. Once you choose membership, it continues until you terminate employment and withdraw your contributions. For this position membership is (Check one): ? required; ? optional. (If optional, check one of the below categories.) For optional membership, the employee must voluntarily choose PERS membership and must mark the following optional membership category that applies.</p> <div style="display: flex; justify-content: space-between;"> <div> ? Elected official of the state or a local government. ? Employee directly appointed by the Governor. ? Chief administrative officer of a city or county. ? New employee of a county hospital or rest home. </div> <div> ? Non-member scheduled to work less than 960 hours per fiscal year. ? Employee of the legislative branch working 6 months or less. ? Retired PERS member choosing active membership. </div> </div> <p>CHECK APPROPRIATE BOX: ? NEW MEMBER/HIRE ? NAME CHANGE ? CHANGE BENEFICIARY/OTHER YOU <u>MUST</u> COMPLETE THE BENEFICIARY INFORMATION ON REVERSE SIDE **DO NOT FOLD**</p>																																																																	
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<p>You may nominate one or more primary or contingent beneficiaries by using a separate line for each person. Circle "P" for primary or "C" for contingent. Contingent beneficiaries receive benefits only if all listed primary beneficiaries are deceased. If you list two or more primary or contingent beneficiaries, they will be on a share and share alike basis, if you wish a different allocation, please specify under "Other".</p> <p>I nominate as my beneficiaries: (for a woman, use her first name and initial, not husband's name and initial.)</p> <p style="text-align: center;">**PLEASE PRINT OR TYPE**</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>CIRCLE P or C</u></th> <th style="text-align: left;">NAME (Last, First and MI)</th> <th style="text-align: left;">SOCIAL SECURITY NUMBER</th> <th style="text-align: left;">DATE OF BIRTH</th> <th style="text-align: left;">SEX</th> <th style="text-align: left;">RELATIONSHIP TO MEMBER</th> </tr> </thead> <tbody> <tr><td>P or C</td><td>_____</td><td>____-____-____</td><td>____/____/____</td><td>____</td><td>_____</td></tr> <tr><td>P or C</td><td>_____</td><td>____-____-____</td><td>____/____/____</td><td>____</td><td>_____</td></tr> <tr><td>P or C</td><td>_____</td><td>____-____-____</td><td>____/____/____</td><td>____</td><td>_____</td></tr> <tr><td>P or C</td><td>_____</td><td>____-____-____</td><td>____/____/____</td><td>____</td><td>_____</td></tr> <tr><td>P or C</td><td>_____</td><td>____-____-____</td><td>____/____/____</td><td>____</td><td>_____</td></tr> <tr><td>P or C</td><td>_____</td><td>____-____-____</td><td>____/____/____</td><td>____</td><td>_____</td></tr> <tr><td>P or C</td><td>_____</td><td>____-____-____</td><td>____/____/____</td><td>____</td><td>_____</td></tr> <tr><td>P or C</td><td>_____</td><td>____-____-____</td><td>____/____/____</td><td>____</td><td>_____</td></tr> <tr><td>Other</td><td colspan="5">_____</td></tr> </tbody> </table>						<u>CIRCLE P or C</u>	NAME (Last, First and MI)	SOCIAL SECURITY NUMBER	DATE OF BIRTH	SEX	RELATIONSHIP TO MEMBER	P or C	_____	____-____-____	____/____/____	____	_____	P or C	_____	____-____-____	____/____/____	____	_____	P or C	_____	____-____-____	____/____/____	____	_____	P or C	_____	____-____-____	____/____/____	____	_____	P or C	_____	____-____-____	____/____/____	____	_____	P or C	_____	____-____-____	____/____/____	____	_____	P or C	_____	____-____-____	____/____/____	____	_____	P or C	_____	____-____-____	____/____/____	____	_____	Other	_____				
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Figure 6
Membership Card (Front and Back)

Contribution Rates - PERS

Member Contributions

The retirement statutes set the member's contribution rate and only the legislature may change the rate. Since July of 1985, the taxes are deferred on member contributions and the interest these contributions earn. Tax deferred means the member does not pay taxes until receiving the contributions as a refund or a benefit. The employer must compute and deduct the contributions from the employee's pay before deducting federal and state taxes. The current contribution rate is 6.9% of the employee's total pay.

Employer Contributions

Current law also requires all employers to contribute 6.9% of their total PERS-covered payroll to the retirement system. Each month, the employer must send the total employee and employer contributions to the MPERA. The MPERA will put the contributions in the trust fund. The state contributes 0.1% of the 6.9% for local governments and school districts.

Additional Service Purchase Contributions

Any member may contribute beyond regular contributions, but **only to purchase service**. The next section explains service purchases. The member must select a payment schedule provided by the MPERA. An active member can make monthly payments by tax-deferred payroll deduction. These contributions **are** tax deferred and should be deducted **before** computing federal and state taxes.

Service Purchases - PERS

General

PERS members may purchase certain types of service for retirement credit. Some service will count as both service and membership credit, and some will only count as service credit. The following table lists the type of service and the computer code which identifies the service.

SERVICE	CODE
Refund	025
Military	026
1-for-5	040
Retroactive	041
Other Public Service	042
Elected Official	043
Legislator	044
Industrial Accident	045
Retro Coordination	046
Refund Coordination	047
Active Account Coordination	048
TRD on Account Coordination	049
TRD Refund Coordination	050

The member may pay the cost in one lump-sum or active members may make monthly payments by tax-deferred payroll deduction.

For coding, see Electronic Reporting in Part I, General Requirements.

Members who want to purchase service must send a **written request** to the MPERA to receive a cost statement. The member may pay the cost in one lump-sum or active members may make monthly payments by tax-deferred payroll deduction. Inactive vested members, members not paid monthly, or members who wish to self-pay, may send payments directly to the MPERA. (These payments are not tax-deferred.)

The MPERA will account for monthly contributions to purchase service in a separate account. When payment for the service is complete, the contribution for the service purchase will become part of the member's accumulated contributions. These contributions accumulate interest which is tax-deferred.

Members may not receive credit for the same service in more than one retirement system.

Military Service

The MPERA bases the cost of qualifying military service on the member's contribution rates during the eleventh and succeeding years.

Refunded Service

The member must sign and file a *Payroll Deduction Authorization* form to take advantage of the tax-deferred payroll deduction. Instructions and a sample form are at the end of this section. This irrevocable agreement may not be terminated except by death or termination of employment. The payment schedule cannot be less than three months or more than 60 months (five years).

If the service purchase is not completed before the member retires, the service credit will be pro-rated; or, the member can make a lump sum payment to complete the service purchase. Members may not receive credit for the same service **in more than one retirement system**.

The following paragraphs briefly describe some types of service a member may buy. This section does not discuss all available service purchases and is only a summary of the procedures. Members may purchase other service and may also transfer service from other Montana public retirement systems.

Postponing a purchase may increase the cost, since the calculation may use a higher salary or include more interest. Any member interested in buying service should write or call the MPERA for details.

A member with at least ten years of PERS membership service may qualify up to five years of active military service. The member may qualify one year of military service for each year more than ten years. For example, with 11 years, a member may qualify one year; with 12 years and two months, the member may qualify two years and two months. To verify military entry and separation dates, the member must provide a copy of the member's DD 214 form. The MPERA bases the cost of qualifying military service on the member's contribution rates during the eleventh and succeeding years. Depending on when the member qualifies the service, the MPERA may charge interest. Military service qualifies as service credit but not membership service. Since January 1, 1990, the total purchases of military, 1-for-5, and other public service may not exceed five years.

Members who received a refund of their PERS account from previous employment may qualify this service as membership and service credit. The member must repay the contributions plus interest that would have accrued had the member not taken a refund. Requests to purchase refunded service must include the following: the approximate dates of service, the employer's name, the member's social security number, and the member's last name during the service. All previous names are needed because the MPERA may have data filed under those names. For example, a member may have changed names due to marriage or divorce. The MPERA will research the previous service and provide the member with a cost statement.

Montana and Other Public Service

A member must have five years of PERS service and may buy up to five years of this service.

Any member may qualify public service from other statewide retirement systems, another local, state, or federal government, or other political subdivision for membership and service credit. A member must have five years of PERS service and may buy up to five years of this service. The member must have belonged to a retirement system or worked before the employer adopted a system. If a member belonged to a retirement system, the member must withdraw from the system before buying the service. The member must send the MPERA as much information as possible about the retirement system and employment. If the member belonged to a retirement system, the information must include proof the member withdrew from the system. Members must pay the cost of granting this service in the PERS which is based on actuarial tables. Since January 1, 1990, the total purchases of military, 1-for-5, and other public service may not exceed five years.

Retroactive Service

An employer may pay the employer's share including interest, but is not required to pay.

A member may qualify previous service with a PERS-covered employer if contributions were not withheld for that service. For instance, the member may have worked part-time or before the employer contracted for PERS coverage. The MPERA will require the employer to certify salary information. After receiving the information, the MPERA will determine the member and employers' contributions due. An employer may pay the employer's share including interest, but is not required to pay. Employers must establish a policy regarding payment of the employer's share and apply the policy equally to past and present employees. The member must pay the employer's share plus the interest if the employer elects not to pay. If contributions were required but not paid during the member's service, the employer must pay the employer's share including interest. If contributions were required, the employer must pay them whether or not the employee buys the service. Retroactive service qualifies as both membership and service credit.

1-for-5 Service

At any time before retirement, a member may buy one additional year of service credit for every five-year period of membership service. A member must meet certain eligibility requirements to purchase the additional service. The MPERA will include the additional service when calculating benefits, but not for retirement eligibility. Since January 1, 1990, the total purchase of military, 1-for-5, and other public service may not exceed five years.

**Payroll Deduction
Authorization**

PERS members who choose to make service purchase contributions by payroll deduction must complete the *Payroll Deduction Authorization* form. Refer to the sample form on the next page. Employers must sign this form and immediately send it to the MPERA when it is completed by the member. The member and employer keep one copy and the MPERA receives the original.

Section I.

This section provides information regarding this irrevocable contract. The contract may not be revoked, except if the member dies or terminates service.

Section II.

The MPERA will complete the first part of this section as follows:

1. **Number of months** of service the member has contracted to purchase.
2. **Type of service** the member is purchasing.
3. **Number of the Section of the Montana Code Annotated (MCA)** which provides for this service purchase.

The Employee must complete the following:

1. **Amount per month** to be withheld from the employee's salary.
2. **Number of months** this amount is to be withheld.
3. **Date** the payroll deduction will begin.
4. **Signature of Member and Date.**
5. **Name of Member** (printed).
6. **Social Security Number** of member.

The employer must complete the bottom of the form:

1. **Signature of Employer Representative.**
2. **Title and Telephone Number** of Employer Representative.
3. **Date** of Signature.

Members of retirement systems administered by the Public Employees' Retirement Board may purchase refunded service and other types of optional service by the terms in Title 19 of the Montana Code Annotated. If you choose to pay by tax deferred payroll deductions, you must complete this irrevocable contract.

- Employee MUST complete ALL blanks remaining above.**

Name of Member (employee) - Printed	Social Security Number
-------------------------------------	------------------------

Signature of Employer Representative	Title and Telephone Number	Date
--------------------------------------	----------------------------	------

Member keeps pink copy, employer keeps yellow copy, and MPERA receives white original form.

LAST UPDATED 01/01

Absences - PERS

Work-Related Illness or Injury

A member may qualify an absence due to a work related injury or illness as membership service. The absence may not exceed five years and must be determined to be work related within one year after the end of the absence. If the absence meets these two conditions, it will be credited as membership service. To qualify the absence as service credit, the member must meet the following additional requirements:

1. The illness or injury must qualify the member for Worker's Compensation payments.
2. After returning to work, the member must notify the Board in writing of the member's intention to pay the contributions due.
3. The member must pay the contributions he would have paid had the member not been absent.
4. If the member received a refund of his accumulated contributions, the member cannot qualify the period of absence.

After returning to work, the member **must** complete the *Election to Qualify Absence* form. **The employer must send the completed form to the Montana Public Employee Retirement Administration, regardless of the member's election.** The form serves as written notice of the member's intent to pay the contributions if the member so elects. Instructions and a sample form are at the end of this section.

For the member to qualify the absence, the employer must certify the salary the member would have earned if not for the absence.

For the member to qualify the absence, the employer must certify the salary the member would have earned if not for the absence. The MPERA will determine the amount of the member and employer contributions and interest due. A member may pay the cost in one lump-sum payment or by installment payments. The Board will grant a member one year to pay the balance due without interest.

The employer must pay the employer's contributions but is not required to pay the interest due on the employer's contributions. An employer who pays the interest must do so for any other member in a similar case. If the employer declines to pay the interest on the employer's share, then the member must pay the interest.

**Election to
Qualify Absence**

Refer to the sample form on the next page.

1. **Name**, the member's last and first name, and middle initial
2. **SSN**, the member's social security number
3. **Dates of Absence**, include the entire period of absence.
4. **Initials**, ensure the member initials only one choice.
 - Does **not** wish to purchase disability absence.
 - **Does** wish to purchase service. The MPERA will prepare a cost statement and send it to the member.
5. **Signature of Member** and date signed.
6. **Address** of the employee.
7. **Employing Agency**, name of agency employing the member when the absence occurred.
8. **Contact Person**, the name of an official from the employing agency whom the MPERA staff may contact.
9. **Mailing Address** of the contact person.
10. **Officials Signature** and date signed.
11. **Telephone Number** of the agency official.

The member must complete this form within 12 months of re-turning to work. The member is not bound by the choice made on this form and may change the choice later.

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

PO BOX 200131
HELENA MT 59620-0131

ELECTION TO QUALIFY ABSENCE

To Receive Service Credit for an absence covered under Worker's Compensation.

Please Print:

Name _____ SSN _____

Dates of Absence - From _____ to _____

I was advised that I may make contributions for the above absence and receive service credit.

_____ I DO NOT WISH TO QUALIFY THIS SERVICE.
(INITIALS)

_____ I DO WISH TO QUALIFY THIS SERVICE - PLEASE PROVIDE THE COST.
(INITIALS)

Signature of Member _____ Date _____
Street Address _____
City, State, Zip _____

EMPLOYER CERTIFICATION - REQUIRED:

Employing Agency _____
Contact Person _____
Street Address _____
City, State, Zip _____

Officials Signature _____ Date _____
Telephone Number _____

ATTENTION : This form must be submitted to the MPERA within one year of the employee returning to work. You should retain a copy for your records and forward the original to the MPERA. If the employee elects to qualify this service, you must certify the salaries this employee would have earned if not for the work related absence. A certification form is attached. Reference 19-3-504, MCA.

Figure 8
Election to Qualify Absence

II-9-5-3

Final Salary - PERS

General

The MPERA must have the last month's salary, and any payout the member received, to calculate the retiree's final retirement benefit

One factor used to calculate a retiree's monthly benefit, is the highest average compensation (HAC). For the PERS, highest average compensation is the average of the member's highest three years of salary. Normally, because people receive raises and promotions throughout their careers, the last three years of salary are the highest. The MPERA must have the last month's salary, and any payout the member received, to calculate the retiree's final retirement benefit.

The MPERA may pay a retiree an estimated benefit while determining the final benefit, but for no more than three months. If the MPERA cannot determine a final retirement benefit after three months, benefit payments to the member will stop. Benefit payments will not resume until the MPERA determines the final retirement benefit. Any delay in reporting a retiree's final salary may require the MPERA to stop the retiree's benefit payments after three months.

Certification of Final Salary

The employer must verify the final salary; this data is used to compute the member's final retirement benefit.

When a member requests retirement, the MPERA will send the appropriate forms to the member. First the member must complete and return all forms to the MPERA. The MPERA will then send the employer a *PERS Final Salary* form. The employer must verify the final salary; this data is used to compute the member's final retirement benefit. Employers must complete and return the form to the MPERA within 30 days of when the member retired.

Final salary for the PERS includes all compensation paid to the member. Compensation means any payments to an employee from funds controlled by the employer. Lump sum payments should not be added to a single month's compensation.

Note: Lump-sum payments for compensatory leave, sick leave, or annual leave paid **without termination of employment** are not considered compensation and PERS contributions must not be withheld from these payments.

A final salary form must contain details through the **last day** of the member's employment. A member's last day of "work" may not be the last day of "employment." For example, if a member works until March 10 then uses vacation or sick leave until March 31, the **last day of employment** is March 31. The employer must certify the hours of regular, overtime, vacation, and sick leave. Total hours must match total payment for the reported period. (In other words, the total hours times the rate of pay must equal the total payment.)

Instructions for Completing the Form

The MPERA requires the number of regular, vacation, and sick leave hours, the correct hourly rate, and the amount paid.

Following are the instructions for completing the *Final Salary – PERS* form. The MPERA will complete the top part of the form. Refer to the following sample for information on the section which the employer must complete.

1. **Last day of work.** This includes sick leave or vacation leave your employee uses. If your employee ends employment on February 28, but stays on the payroll using vacation or sick leave until March 31, then March 31 is the last day of employment.
2. **Date of termination.** This is the last day of employment. If your employee ends employment on February 28, but stays on the payroll using vacation or sick leave until March 31, then March 31 is the last day of employment. If the member takes leave without pay until July 10th, the date of termination is July 10. The member is not eligible to receive any retirement benefits until termination of employment occurs.
3. **Final payment.** You must provide a breakdown of the hours reported on the member's final paycheck. The MPERA requires the number of regular, vacation, and sick leave hours, the **correct hourly rate**, and the amount paid.
4. **Total**, should equal the total paid to the member.
5. **Period of Termination Final Payment**, is the last payroll period for which the member will receive a check or payment. If payment for vacation, sick leave, or final regular hours will be for March, then March is the period of separation. This example assumes a monthly pay period, but if your pay periods are different, use whatever your pay periods are.
6. **1st and 2nd Period Before Termination**, should reflect the total salary paid and contributions withheld for those periods. (In the above example, the first and second pay periods will be February and January, respectively.) Salary and contributions for the two preceding and separation pay periods must agree with the amounts reported by the payroll reports.
7. **Signature**, of the person who prepared the form.
7. **Title**, of the person who prepared the form.
8. **Date** prepared.
9. **Telephone Number**, of the person who prepared the form.

MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION
PO BOX 200131
HELENA MT 59620-0131
406-444-3154

Final Salary- PERS

TO: NAME:
SSN:
FOR:

This employee submitted a RETIREMENT application stating a termination date of . If this member has not terminated or is using vacation or sick leave on a daily basis after this date, please contact this office immediately. Complete this form and furnish the following information at the **earliest possible date**. The amounts shown below **must** agree with the amount reported to the MPERA. Payment for annual and sick leave should be paid in a lump sum (unless otherwise specified by the employee) and contributions must be withheld from all compensation.

Last day of work (sick leave, LWOP or vacation) _____ Date of Termination _____

Final payment for: Hours Rate Amount

Regular Hours x \$ _____ = \$ _____

Annual Leave x \$ _____ = \$ _____

Sick Leave x \$ _____ = \$ _____

Overtime x \$ _____ = \$ _____

Other x \$ _____ = \$ _____

(Shift differential, compensation pay, etc.)

\$ _____

Report salary and contributions by pay period **TOTAL**

	Pay Period Ending Date	Salary Paid	Contributions Withheld
Period of Termination Final Payment (Include all final pay.)			
1st Period Before Termination			
2nd Period Before Termination			

I certify the above employee terminated employment with this agency and the information is complete and accurate to the best of my knowledge.

Preparer's Signature _____

Title _____

Date _____ Telephone Number _____

Figure 9
Certification of Final Salary Form

Working Retirees - PERS

Retired Members

For retirees less than age 65, their benefit will be reduced \$1.00 for each \$1.00 earned from employment more than 960 hours.

Any retiree working in a covered job may become an active member anytime.

PERS retirees may work in a job covered by the PERS, but the law imposes some limits. Whether or not a limit applies, will depend on the retiree's age. For retirees less than age 65, their benefit will be reduced \$1.00 for each \$1.00 earned from employment more than 960 hours. Only the hours worked, for which the retiree receives pay, will count toward the 960-hour limit. The limit applies to each calendar year and the MPERA reduces benefits only if the retiree exceeds the limit. For retirees 65 to 70 years of age, the limit is either 960 hours or an earning limitation. The earning limitation is equal to the retiree's Highest Average Compensation (HAC) adjusted for inflation. The sum of the retiree's retirement benefit and earnings must be less than the earning limitation (HAC adjusted for inflation). Any other earnings the retiree has from other sources will not apply to the limit. Both limits apply to a single calendar year and only reduce benefits for those calendar years a retiree exceeds a limit. When both limits apply, the MPERA will apply whichever limit provides the highest income to the retiree. Whichever limit applies, the retiree's benefit will be reduced \$1.00 for each \$1.00 earned from employment exceeding the limit. No limits restrict the earnings of retired members who are age 70 1/2 or older.

The above limits apply only to retirees of the PERS and to employment covered by the PERS. Any retiree working in a covered job may become an active member anytime. If the retiree becomes an active member, the MPERA will stop the retiree's benefit. The member may re-retire later and the MPERA will recalculate the retirement benefit based on the additional service. These limits apply to all retirees without regard to any other limits that may apply.

Each month the employer must certify the hours worked and salary earned by each working retiree. Employers may send this information with the monthly payroll report. The MPERA will supply the form necessary to report working retiree hours and salary. Both the retiree and employer must report the information to the MPERA; however, the retiree's signature on the employer's report will suffice as the retiree's report. A sample report, Figure 8, is at the end of this section. A report is not required for a month in which the retired member does not work. If the retired member becomes an active member, the report is no longer required.

Employers should ask new part-time or temporary employees if they are PERS retirees currently receiving a monthly benefit. Retirees do not need to fill out a membership card unless they are requesting to change from retired to active status.

Limitations for RIF and RIP Retirees

These retirees may return to work in the same jurisdiction without forfeiting the incentive if they do not exceed 959 hours in a PERS-covered position . . .

Retirees who waived termination benefits under the State Employee Protection Act due to a Reduction in Force (RIF) or retired under the Retirement Incentive Program (RIP) are subject to special restrictions in addition to those discussed on the previous page. These retirees may return to work in the same jurisdiction without forfeiting the incentive if they do not exceed 959 hours in a PERS-covered position or 599 hours in a position covered under any other retirement system. All state agencies and units of the university system are considered the same jurisdiction, the State of Montana. A RIF or RIP employee who exceeds the hour limits as stated above will forfeit the retirement incentive. After forfeiting the incentive, the MPERA will recalculate the retiree's benefit without using the additional service credit. **The limits discussed on the previous page will apply to all RIF and RIP retirees regardless of the jurisdiction.**

For example, assume a retiree, who retired under the RIP or RIF incentive, is under age 65 and retired from a state agency. If the retiree works for a state agency, then the MPERA will apply the 959-hour limit to the retiree. After 959 hours, the retiree will lose the incentive, and the MPERA will recalculate the retiree's benefit without the incentive. If the retiree were to return to work in another retirement system, the 599-hour limit would apply. After 599 hours, the retiree will lose the incentive, and the MPERA will recalculate the retiree's benefit without the incentive.

A retired member may work without limitation under an independent contract if the contract meets the test for independence. An independent contractor is an individual engaged in an independent trade, occupation, profession, or business. Also the contractor is always under contract and free from control or direction over the performance of the services. Factors to be considered in determining independence include but are not limited to the following:

Independent Contractors

An independent contractor is an individual engaged in an independent trade, occupation, profession, or business.

1. **Exercise of control** - contractor control of the means by which the contractor accomplished the work shows independence.
2. **Method of payment** - payment based on hours shows employment rather than independence.
3. **Furnishing of equipment** - equipment furnished by the contractor shows independence.
4. **Right to fire** - employer right to fire the contractor shows employment rather than independence.

Instructions For Completing the Forms

Statute requires the retiree and the employer to report the hours each retiree works on a monthly basis.

The following provides instructions for completing the *Working Retiree Certification* form.

Refer to the sample form following these instructions.

Page One

1. **Name**, include the first and last name of the working retiree.
2. **Social Security Number** of the working retiree.
3. **Month/Year**, is the month being reported and is the month the retiree worked the hours being reported. The reporting month may or may not be the month the retiree was paid for the hours.
4. **Anticipated Termination Date**, is when the temporary employment for the working retiree will end, if known.
5. **Hours**, should be reported as you would complete a time card. If the retiree worked 16 regular hours and 1.5 overtime hours, report both regular and overtime hours. Report all other hours separately, such as sick leave and vacation hours.
6. **Rate of pay** is the hourly wage paid.
7. **Total Wages**, is the hours time the rate of pay.
8. **Agency**, is the name of the agency employing the working retiree.
9. **Telephone**, is the telephone number of a person whom the MPERA may contact.
10. **Clerk**, or an official responsible for completing the report. An official must sign the form.
11. **Date** of the clerk's signature.
12. **Retiree Signature**, the retiree must sign the report.
13. **Date** of the retiree's signature.

Page Two

A calendar is on the reverse side of the form to assist you in calculating the total paid hours during the month.

14. Statute requires the retiree and the employer to report the hours each retiree works on a **monthly basis**. Even if employees are paid every two weeks, the reports must be submitted monthly, not bi-weekly. Complete the number of hours the retiree worked each day, then compute the totals at the end of the month.

NOTE: Both sides of the form must be completed.

System Requirements

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) MONTHLY WORKING RETIREE CERTIFICATION

All PERS retirees employed in a PERS-covered position ***must*** report the hours worked and the gross wages earned to the Montana Public Employee Retirement Administration (Montana PERA) ***each month***. **A RETIREE MUST HAVE RECEIVED AT LEAST ONE BENEFIT CHECK AND BE RETIRED FOR AT LEAST 30 DAYS BEFORE ACCEPTING A PERS-COVERED POSITION. IF THESE TWO CONDITIONS ARE NOT MET, THE RETIREE WILL BE REIN-STATED TO ACTIVE MEMBERSHIP.**

A retiree may work any number of hours in a PERS-covered position **during any calendar year**, but the retiree's retirement benefit will be **reduced** \$1 for each \$1 earned from employment when the following limits are exceeded:

1. Under age 65, the retiree can work up to 960 hours without a reduction in their retirement benefit.
2. A retiree age 65 to 70 ½ is subject to **either** the 960-hour limit **or** an earning limit, whichever is higher. The earning limit is equal to the member's final average salary adjusted for inflation. If the retiree's retirement benefit plus earnings exceed the earning limit, their retirement benefit will be reduced. We will apply whichever limit allows for the greater earnings.
3. The above limits do not apply to a retiree over 70 ½. These retirees are **not** required to report their hours and earnings.

NOTE: *In addition to the above limits, a retiree who retired with the incentives provided for in the Employee Protection Act or the Retirement Incentive Program is limited to 959 hours, regardless of age, if they return to work for the same jurisdiction in a position covered by the PERS or 599 hours in a position covered under any other retirement system. When these hour limits are exceeded the member will forfeit the retirement incentive.*

You, as the employer, must file this report **monthly** for each working retiree. Report all paid hours including regular hours and rate of pay, overtime hours and rate of pay, and total gross wages for the month. Complete the reverse side of this form. The hours reflected on the calendar must total the hours reported below.

THE RETIREE MUST VERIFY ALL INFORMATION, SIGN AND DATE THIS FORM.

THE RETIREE'S SIGNATURE ON THIS REPORT MEETS THEIR REPORTING REQUIREMENT

Report all hours for pay in the appropriate category below. All time for which compensation is received must be reported.....

NAME _____ SSN _____

HOURS WORKED AND WAGES EARNED **DURING** THE MONTH OF _____ 20____

ANTICIPATED TERMINATION DATE _____

	HOURS	RATE OF PAY	TOTAL WAGES
REGULAR HOURS			
OVERTIME HOURS			
VACATION			
SICK LEAVE			
HOLIDAY PAID			
HOLIDAY WORKED			
COMP TIME			
SHIFT DIFFERENTIAL			
TOTALS			

AGENCY (required) _____ TELEPHONE _____

CLERK (required) _____ DATE _____

RETIREE SIGNATURE (required) _____ DATE _____

RETURN THIS FORM TO: Montana PERA • PO Box 200131 • Helena MT 59620-0131

Figure 10 - Page 1
Monthly Working Retiree Certification

II-9-7-4

Month of _____, 20____						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday

<p style="text-align: right; margin: 0;">Total Hours</p> <p>RH=Regular Hours _____</p> <p>OTH=Overtime Hours _____</p> <p>VAC=Vacation _____</p> <p>SL=Sick Leave _____</p>	<p style="text-align: right; margin: 0;">Total Hours</p> <p>HP=Holiday Paid _____</p> <p>HW=Holiday Worked _____</p> <p>CT=Comp Time _____</p> <p>SD=Shift Differential _____</p>
--	--

REPORTING INSTRUCTIONS

1. Fill in month and year.
2. Fill in the days of that month in the upper right hand corner.
3. Write the hours worked on a daily basis. Label the type of hours (i.e. Jan. 3, 2000...6 RH 2 SL...this means the retiree worked 6 regular hours on the 3rd of January and has 2 hours of sick leave.)
4. At the end of each month, total regular hours, overtime hours, vacation hours, sick leave, holiday pay, etc. in the space provided.
5. Record all information from number 4 in the space provided **on the front of this form**. Fill in the rate of pay for each, and calculate the total amounts in the wages column. Total all the wages.
6. Before returning this form to the Montana PERA, complete the employer information and sign and date it in the space provided. **The retiree must verify all information on this form and then sign and date it in the space provided.**

Figure 10 - Page 2
Monthly Working Retiree Certification